



ReadyTech Holdings Limited

ABN 25 632 137 216

22 August 2019

FOR IMMEDIATE RELEASE

ReadyTech exceeds FY19 prospectus forecasts

ReadyTech Holdings Limited (ASX:RDY) today announced financial results for the full year ended 30 June 2019. This is the Company's first financial results release following the successful listing on the ASX in April 2019.

Key Financial and Operational Highlights

- Pro forma revenue of \$33.0m, up 13.5% on FY18 and 1.0% ahead of prospectus forecast
- Pro forma EBITDA of \$12.8m, up 20.8% on FY18 and 1.5% ahead of prospectus forecast
- Scalable platform supports strong pro forma EBITDA margin of 39%
- Average revenue per client of \$8.9K, up 12% on FY18
- Client revenue retention of 96%
- Subscription and licence revenue of 90% up from 88% in FY18
- Operating cashflow conversion ratio of 98%
- ReadyTech maintains prospectus forecasts for CY19 to deliver \$35.1 million in revenue and \$14.6 million in EBITDA on a pro forma basis
- Statutory loss after tax \$1.5m (includes IPO and related costs)

Result Commentary

Chief Executive Officer, Marc Washbourne, said ReadyTech had delivered a solid set of financial results, exceeding prospectus revenue and profit forecasts, while continuing to implement a solid strategy for growth.

"We are continuing to capitalise on our strong market positions in the resilient sectors of education and employment to deliver year-on-year sales and earnings growth.

"Pleasingly, the business achieved 400 new client wins during the year on the back of our growing reputation for delivering a quality product, tailored to the business performance and customer experience needs of our clients.

"In addition to attracting new, higher value customers across our product suite, we are also realising synergies and a 'parenting advantage' across our segments. This allows us to offer value-added software and services to existing customers, while focusing on customer success to ensure we maintain our high rates of customer retention.



“We have continued our commitment to Research and Development (R&D), with over \$10 million invested during the year to drive further innovation and deliver value to customers.

“That is reflected in increased average revenue per client and higher client revenue retention rates for FY19 compared to the prior year.

“The result in FY19 is consistent with ReadyTech’s strategy. We continue to put innovation at the forefront of what we do and are actively seeking opportunities to unlock new value and enhance the customer experience for our clients,” Mr Washbourne said.

FY19 Group Results

Pro forma revenue increased by 13.5 % to \$33.0 million driven by a combination of new client wins and increased sales to existing customers.

ReadyTech continues to leverage the scale of its platforms to grow earnings faster than revenue, with pro forma EBITDA increasing by 20.8 % to \$12.8 million, up from \$10.6 million in the prior year.

The increase in pro forma EBITDA was despite a 9.2 % lift in operating expenses as the company continues to invest in sales, marketing and R&D for medium term growth.

ReadyTech continues to be highly cash generative with cashflow from operations increasing by 40.4 % to \$12.5 million. Cash conversion remains strong with an operating cash conversion ratio (% of EBITDA) of 98 %.

Pro forma NPATA was \$5.7 million compared to \$4.3 million in the prior year.

The company reported a statutory loss after tax of \$1.5 million, which includes costs related to the initial public offering.

FY19 Segment Results

Education segment revenue increased by 12.0 % on the prior year to \$20.0 million and was in line with prospectus forecast. Revenue growth was fuelled by strong client wins and greater per client spend with existing customers accessing more modules across the ReadyTech platform.

ReadyTech is targeting higher value providers of tertiary education, including enterprise, TAFE and higher education customers, with its advanced, enterprise SaaS product and has seen a strong pipeline of interest following recent wins including the University of Queensland.

Education segment EBITDA was \$8.1 million compared to \$7.1 million in the prior year with EBITDA margin improving to 41% in FY19 from 40% in FY18.

Employment segment revenue lifted by 15 % to \$13.0 million with strong new client growth over the course of the year. Spend from existing clients also improved due to employee growth and additional take up of modules driven by targeted campaigns.

ReadyTech is enjoying increased interest from larger employers through its full-spectrum, service-oriented offering and reputation, particularly where clients are seeking a trusted managed service or software payroll and HR administration solution.

Employment segment EBITDA was \$6.2 million compared to \$5.1 million in the prior year with EBITDA margin increasing from 45 % to 48 %.



Outlook for CY19

ReadyTech maintains the forecasts outlined in the IPO prospectus of 14.4 % revenue growth in CY19 from CY18 to deliver \$35.1 million in revenue and \$14.6 million in EBITDA on a pro forma basis.

The Company's performance for the first 8 weeks in FY20 is in line with expectations with a solid new business pipeline that will continue to drive revenue growth for both the Employment and Education segments.

"ReadyTech enjoys strong prospects for growth across both segments. By leveraging our position as a provider of bedrock software and services for our customers in both markets, including regulatory and compliance reporting in the education sector and payroll processing and HR compliance in the employment sector, ReadyTech is well positioned to attract higher value customers and expand the lifetime value to existing customers. Our focus is on remaining agile and continuing to add increased value to our clients' businesses," Mr Washbourne said.

Analyst Conference call details

ReadyTech is hosting an analyst/shareholder briefing conference call at 10.30am (AEST) today 22 August, 2019

Dial in details are:

Conference ID: 2177647

Tel +61 2 8038 5221 or 1800 123 296

For more information:

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About ReadyTech

ReadyTech is a leading provider of SaaS technology that helps providers of education and employment manage the increasingly complex human journey through study, work and career transitions. ReadyTech provides people management software to over 3,600 educators, employers and facilitators of work transitions. Bringing together the best in student management, apprenticeship management, payroll and HR admin, employment services and behavioural science technology, ReadyTech supports the development and success of tomorrow's workforce.